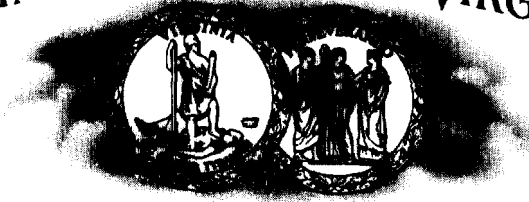


COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION DIVISION OF COMMUNICATIONS

June 28, 1996

WILLIAM IRBY, P.E., MANAGER
RATES & COSTS

ALAN R. WICKHAM, MANAGER
OPERATIONS

TDD/VOICE:
(804) 371-9206

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Office of the Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: Implementation of the Pay Telephone
Reclassification and Compensation Provisions
of the Telecommunications Act of 1996
CC Docket No. 96-128

Dear Sir:

Enclosed please find comments of the Virginia State Corporation Commission
Staff in the above referenced case.

Very truly yours,

A handwritten signature in cursive script, appearing to read "E. C. Addison".

Edward C. Addison
Director

ECA:jc
Enclosure

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of) CC Docket No. 96-128
)
Implementation of the Pay Telephone)
Reclassification and Compensation Provisions)
of the Telecommunications Act of 1996)

COMMENTS OF THE
VIRGINIA STATE CORPORATION COMMISSION STAFF

Virginia State Corporation Commission
Division of Communications
1300 East Main Street - 9th Floor
P. O. Box 1197
Richmond, Virginia 23218

June 28, 1996

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of) CC Docket No. 96-128
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Implementation of the Pay Telephone)
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COMMENTS OF THE
VIRGINIA STATE CORPORATION COMMISSION STAFF

INTRODUCTION

The Virginia State Corporation Commission ("VSCC") Staff Division of Communications respectfully submits these comments in response to the FCC's Notice of Proposed Rulemaking ("NPRM") in this Docket, released June 6, 1996. The following comments of the VSCC Staff are relative to Local Exchange Carriers ("LEC") and Private Payphone Owners, but not Inmate Telephone Service in correctional institutions since the VSCC does not regulate inmate service providers.

RATES FOR LOCAL CALLS

The VSCC is responsible for the determination of the rate paid by Virginia users of pay telephones on local coin sent paid calls. We do not interpret the Telecommunications Act of 1996 ("Act") as a mandate from Congress to change that basic responsibility.

Although the Act requires the Federal Communications Commission ("FCC") to ensure that payphone service providers ("PSPs") are fairly compensated for all calls originating from their

payphones, insuring "fair compensation" does not translate into setting rates. Further, it is unlikely that Congress expected local payphone rates to increase as a result of this legislation.

The FCC suggests three options regarding local call rates. One option is to set a nationwide local coin rate for all calls. The VSCC staff is opposed to this option and suggests that the individual State regulatory agencies are in the best position to determine what rate best serves the total public interest within their geographical areas of responsibility. Because of already existing differences among states, such an approach would have the unfortunate consequence of a local rate increase for many pay telephone end users.

Another option suggested by the FCC would be to prescribe specific national guidelines which states would use to establish a local rate that would ensure that all PSPs are fairly compensated. The third and final option suggested would be for the states to continue to set coin rates for local payphone calls according to factors within their discretion.

The VSCC staff favors an approach which would be a combination of national guidelines and state rate making responsibility. The FCC could set a national rate cap on local coin calls. The FCC should specify that, under the national rate cap, state regulatory agencies would set the rates for local coin calls but would not be allowed to exceed the national cap. The states would decide whether to set the local coin rate or allow it to be governed by competitive market conditions, up to the national limit.

The FCC also seeks comment on whether it should treat intraLATA 0+ toll calls carried by the presubscribed intraLATA carrier differently from local coin calls, or treat them like local coin calls. We suggest that intraLATA 0+ coin calls should be treated like local coin calls, i.e., rates should be set by state regulatory agencies.

ENTITIES REQUIRED TO PAY COMPENSATION

The FCC tentatively concludes that it should adopt a "carrier-pays" compensation mechanism. Based on the arguments presented in the FCC NPRM , that alternative appears preferable. However, the VSCC staff's position is that whatever mechanism appears best should be adopted by the FCC, so long as end users who originate calls from pay telephones are not required to pay the direct cost of compensation to PSPs.

ABILITY OF CARRIERS TO TRACK CALLS FROM PAYPHONES, ADMINISTRATION OF PER-CALL COMPENSATION, PER-CALL COMPENSATION AMOUNT

The VSCC staff has no specific comment on these issues other than to state that no part of the emerging mechanisms should place any administrative responsibilities on state regulatory agencies.

RECLASSIFICATION OF INCUMBENT LEC-OWNED PAYPHONES

It appears to the VSCC staff that Sec. 276 of the Act grants the FCC primary authority over incumbent local exchange company-owned payphone instruments. These instruments could be treated as customer provided equipment ("CPE"). However, the coin line is not included as CPE. Therefore, the FCC might determine that others could obtain use of coin lines from incumbent LECs, but pricing of this line use would be left to state regulatory agencies.

ABILITY OF BOCs TO NEGOTIATE WITH LOCATION PROVIDERS ON THE PRESUBSCRIBED INTERLATA CARRIER

The VSCC staff believes that it is fair, under the Act, to allow for BOC negotiation of presubscribed interLATA carriers regarding the payphones that BOCs provide. However, such a

step should be taken only after safeguards are in place regarding reclassifying BOC payphones and guarding against price discrimination involving BOC-provided interLATA services.

ESTABLISHMENT OF PUBLIC INTEREST PAYPHONES

The VSCC staff believes that any and all alternative courses of action either considered or adopted by the FCC on this issue should defer the decision-making process to state regulatory agencies. If, for example, the FCC determines that public interest payphones should be maintained, then we favor the option suggested in the NPRM, that is, to defer to the states to determine, pursuant to their own statutes and regulations, which payphones should be treated as 'public interest payphones'.

DIALING PARITY

The VASCC staff supports the proposed position on dialing parity outlined in the NPRM.

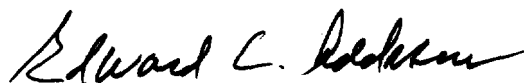
LETTERLESS KEYPADS

The VSCC staff supports the position outlined in the NPRM on letterless keypads.

CONCLUSION

The successful implementation of the Telecommunications Act of 1996 will require considerable cooperation between state regulatory commissions and the FCC. We will make every effort to be as helpful as possible to the FCC in this endeavor.

Respectfully submitted,



Edward C. Addison, Director
Division of Communications
Virginia State Corporation Commission

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- o An oversize page or document (such as a map) which was too large to be scanned into the RIPS system.

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